



ASRS REPORT

ARIZONA STATE RETIREMENT SYSTEM

Paul Matson, Director
3300 North Central Avenue, Phoenix, Arizona 85012
www.azasrs.gov

ASRS Board of Trustees

Mr. Michael Townsend, Chair
Mr. David Byers, Vice Chair
Mr. Thomas J. Connelly
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Mr. James McLaughlin
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Mr. Steven Zeman

July 2008

This report provides a briefing of news and notices important to our members, retirees and employer partners, as well as other interested parties. It is produced by the ASRS on a periodic basis and posted to the ASRS website. If you would like to receive an email notice when the next issue is posted, and you are not already on our email list, please contact us at weeklyreport@azasrs.gov and provide your name, email address, telephone number and title and organization, if applicable.

ASRS News

Board of Trustees Chair, Vice Chair elections

Michael Townsend, Deputy County Manager for Coconino County, has been re-elected chair of the Arizona State Retirement System Board of Trustees, and David Byers, Director of the Administrative Office of the Courts for the Arizona Supreme Court, has been elected vice chair.

Mr. Byers replaces Dr. Keith Meredith as vice chair of the nine-member Board of Trustees. Dr. Meredith will continue to serve as a member of the Board. Dr. Meredith, who has served as vice chair and chair of the Board over the past several years, supported the nominations.

The one-year appointments to chair and vice chair were approved by a vote of the Trustees at the July 18 Board meeting.

Trustees, appointed by the Governor and confirmed by the state Senate, serve three-year terms. The Board is responsible for the oversight of the ASRS and has fiduciary and other responsibilities required to preserve and protect the retirement trust fund.

The Board generally meets on the third Friday of each month in a public meeting at the ASRS Phoenix office. To learn more, including information on meetings, schedules, agendas, minutes and biographies on each Trustee, please visit the Board & Committee section of the ASRS website.

Director Outreach meetings scheduled for 2008

ASRS Director Paul Matson has scheduled two meetings in a series of Director Outreach meetings for 2008 in Tucson and Flagstaff.

The informal meetings provide an opportunity to exchange dialogue on issues and provide information related to the retirement system.

Upcoming Meetings:

Tucson

Tuesday, August 12, Noon – ASRS Tucson Office, 7660 E. Broadway Blvd., Suite 108
A Getting Ready for Retirement meeting will begin at 1:30 p.m.

Flagstaff

Wednesday, October 8, Noon – Flagstaff City Hall, 211 W. Aspen Avenue.

A Know Your Benefits meeting will take place from 9 a.m. to noon.

No reservations are required to attend the Director Outreach meetings. Information: (602) 240-2016.

Legislative News

The 48th Legislature-Second Regular Session ended June 27, 2008. The Arizona State Retirement System has highlighted in summary fashion retirement-related legislation that passed, and has updated the final ASRS Bill Tracker that included all retirement-related bills that were introduced, including those that did not pass. You can view those two documents on our website.

There is expected to be no major changes to ASRS plans and benefits. Below is a summary of Senate Bill 1407, which did pass and affects a variety of administration procedures.

Senate Bill 1407 – NOW: ASRS; administration procedures (Laws 2008, Chapter 264)

Signed by the Governor June 10, 2008, this bill makes numerous changes to the administration of the ASRS, including:
PLAN ADMINISTRATION (ALL PROVISIONS EFFECTIVE JUNE 10, 2008)

Modifies one of the salary calculations used for service purchases from the last full pay period prior to the request to a calculation that requires the ASRS to take the five pay periods prior to the request, drop the high and low, and average the remaining three.

Clarifies that the salary calculations used for military and other public service purchases are also used for leave of absence purchases.

Grants the Board rulemaking authority over the Plan, the LTD Program, and Transfers.

Clarifies that a member who purchases previously forfeited service credit is subject to the benefit structure and duties in place when the person again becomes a member.

Requires the ASRS to recover overpaid money by reducing a benefit owed to any member, beneficiary, or alternate payee.

UNCLAIMED PROPERTY (ALL PROVISIONS EFFECTIVE JULY 1, 2009)

Exempts the ASRS from statutory unclaimed property procedures.

Assumes that property is abandoned if the apparent owner has not communicated or shown an interest in the property within three years of the IRS's minimum distribution date (age 70.5).

Clarifies the definitions of "Apparent Owner" and "Owner" to match with the Unclaimed Property statutes.

States that interest stops accruing on property when it becomes abandoned, but includes interest (if appropriate) for a member who is subsequently found.

Requires the ASRS to annually send a notice to a member-apparent owner beginning 5 years before the IRS minimum distribution date and for three years thereafter. Requires the ASRS to annually send a notice to a survivor-apparent owner beginning in the year of the 5th anniversary of the member's death and for three years thereafter. If a notice is returned, requires the ASRS to make a good faith effort to locate the apparent owner by utilizing beneficiaries, public databases, third party address verification services, or a people search service (if the base amount is more than \$300).

Allows the ASRS to pay for the people search service fee from the administration account, and prevents the fee from being paid from the benefit paid.

Requires the ASRS to pay the money or a benefit to a person who returns to claim previously abandoned money plus interest, if applicable.

Appropriates \$137,607 from the ASRS administration account to the ASRS in FY2008-09. The appropriation is non-lapsing.

TRANSFERS PROCEDURES (ALL PROVISIONS EFFECTIVE JUNE 10, 2008)

Voluntary Transfers

Long-term Disability (LTD) Recipients

Member elects whether to remain with ASRS or transfer to new retirement system. If the member transfers, their LTD payments terminate.

ASRS Retirement Recipients

Member elects whether to remain with ASRS or transfer to new retirement system. If the member transfers, their retirement payments terminate (remaining assets would transfer).

Payroll Deduction Agreements (PDAs)

ASRS transfers assets and service credits already accrued up to the date of the joinder agreement within 90 days of the effective date of the joinder agreement.

PDA payments continue to ASRS.

At termination and at the employee's election, either:

- o Transfer all assets and service credit (APV at market value to the extent funded), unitized to the other retirement system. Employee makes up the difference (unless employer is specified in joinder statute). Employee has 30 days from termination to elect this option.
- o Refund the assets to the employee. Employee has 60 days from termination to submit refund application, otherwise they receive a direct payment.

Mandatory Transfers

Long-term Disability (LTD) Recipients

Member remains with ASRS.

ASRS Retirement Recipients

Member remains with ASRS.

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PDA payments continue to ASRS.

At termination and at the employee's election, either:

- o Transfer all assets and service credit (APV at market value to the extent funded), unitized to the other retirement system. Employee makes up the difference (unless employer is specified in joinder statute). Employee has 30 days from termination to elect this option.
- o Inactive membership in ASRS (member can at any time apply for a refund or a monthly retirement benefit, if eligible).

Employer News

Employer Conferences to begin soon!

The ASRS Employer Relations section will be hosting its annual Employer Conferences later this summer to assist our employer partners with the information they need to serve their employees and our members.

The conferences will address a broad range of topics important to human resource, benefits and payroll staff, including legislative updates to retirement laws.

Don't wait until there's a problem to contact the ASRS. Reserve your seat at the annual Employer Conference to find out the ins & outs of doing business with the ASRS, how legislative changes may affect your business, and resources that can help you and your employees.

The deadline to register is fast approaching & space is limited, so contact us today at EmployerRelations@azasrs.gov

See you at the conference!

Who is eligible for ASRS membership?

The Arizona State Retirement System has investigated several issues recently regarding proper enrollment of members. Membership in the ASRS is outlined in Arizona Revised Statutes § 38-711 (23) and § 38-727. Generally, membership is confined to employees of an ASRS participating employer who meet the statutory definition of membership, which includes employees who work more than 20 hours a week and more than 20 weeks a year.

Outside consultants, contractors, temporary workers and others not meeting the statutory definition are not eligible for ASRS membership and should not be enrolled by the employer.

The ASRS relies on our employer partners to follow the proper enrollment laws. Our Employer Relations section is available to answer any questions employers may have regarding a particular position or employee and whether they meet membership criteria. Please don't hesitate to contact us should you have any questions. Contact Employer Relations via email at: EmployerRelations@azasrs.gov, or call Michele Briggs at (602) 240-2022, or Mark Muraoka at (602) 240-2093.

Member News

Educational meetings offered to inform, assist members

The Member Services Division of the ASRS conducts educational meetings available to all members. Whether you're newly hired and want to learn about the benefits available to you, or you're ready to retire and want assistance filling out your paperwork and making annuity selections, the ASRS has a meeting for you.

Your Health Insurance Benefits

This NEW meeting has been created to provide information to members about the ASRS health insurance plans and benefits. Members planning to retire soon are encouraged to attend. You'll learn about health insurance options, meet providers, learn about the ASRS Premium Benefit, and how health insurance costs are determined.

The next meeting scheduled at the ASRS Phoenix office will be **Saturday, August 16, 9 a.m. to noon.**

Know Your Benefits

This meeting is especially beneficial to new members. You'll learn about the many benefits of belonging to the Arizona State Retirement System, including a history and overview of the ASRS, how your pension is calculated and how to maximize your future benefit, member responsibilities, disability and survivor benefits, options should you leave ASRS employment, and more. Also covered will be the Service Purchase benefit, in which a member may purchase, under certain circumstances, time they worked under other qualified employer plans.

Getting Ready for Retirement

This meeting is vital for members who are planning to retire within a year. You'll learn about your pension benefit and how it's calculated, options for retiree health insurance and other benefits, return to work options and more. Members who register for this meeting will receive a personal benefit estimate and assistance in filing out the proper paperwork.

Visit our website and click on the "Calendars" section to see a full listing of meetings taking place in Phoenix, Tucson and throughout the state at various locations. Reservations are required and can be made by calling our Member Advisory Center at (602) 240-2000 in Phoenix, (520) 239-3100 in Tucson, or (800) 621-3778 outside Phoenix and Tucson.

ASRS Board & Committee Meetings

ASRS Board of Trustees

Friday, August 15, 2008, 8:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 10th floor Board Room.

Operations Committee

Thursday, August 28, 2008, 10:30 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

Investment Committee

Wednesday, October 1, 2008, 3:30 p.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

External Affairs Committee

Friday, October 3, 2008, 10 a.m. – ASRS Phoenix office, 3300 N. Central Ave., 14th floor.

Note: All Board & Committee meetings are open to the public and your attendance is encouraged. Schedules, agendas and minutes of meetings are posted on our website and are available at our Phoenix and Tucson offices.